NSC BRIEFING   31 December 1956

ISRAEL FACES POLICY DECISION

I.   With the Anglo-French evacuation of Suez complete and sal-
     vage work on the canal started, Israel and its Arab neighbors
     find themselves once again face to face, snarling over un-
     settled issues.

II. The immediate point of contention is Israeli occupation of
     Egyptian territory in the Sinai peninsula.

     A.   The Israelis want to gain two things from this occupation:

          1.   A "buffer zone," demilitarized and perhaps patrolled
               by UN troops, between the present Israeli frontier
               and any military positions the Egyptians may again
               take up in Sinai.

          2.   A guarantee that Egypt will not again be able to bar
               the Gulf of Aqaba, as well as the Suez Canal, to
               Israeli shipping.

     B.   These are the specific, immediate political objectives
          which Israel still hopes to gain from its military
          victory in Sinai. The problem is that the Israeli
          victory itself failed to obtain them--how can they be
          reached now?

III. One means is direct Israeli action. As the Israeli forces
     have slowly pulled back in Sinai, they have done their best
     to create a buffer zone by means of systematic destruction
     of Egyptian installations and communications in the peninsula.

A. As a further possible action, the Israelis may simply "sit down" at El Arish, the last town west of the Israeli border, and defy the UN to move them out until their demands have been met.

B. A similar Israeli position could be taken, though less easily, at the mouth of the Gulf of Aqaba and on the islands which dominate the gulf's entrance.

    1. The Israelis have stationed a frigate at Eilat, their port at the head of the gulf, and announced they will build a "naval base" there. This certainly invites Arab counteraction.

IV. As a further means to these same ends, the Israelis have begun a propaganda campaign (supported by Britain and France) to convince the US and the UN that Tel Aviv's objectives are reasonable.

A. The Israelis' best point in this campaign is Cairo's refusal to abandon its clandestine terrorist operations inside Israel.

25X1

V. Meanwhile, the continuation of Jordan-based terrorist

activity may lead Israel to resume its tactics of retaliatory

25X1

raiding.

25X1

VI. Beyond the Sinai peninsula lies the Gaza Strip--and the next

problem. Will Israel choose to evacuate the Strip (as the

Arabs insist and as the UN resolutions implicitly demand)?

Or will they try to keep this territory and incorporate it

into Israel?

A. Ben Gurion has flatly stated Egypt will not be permitted

to return to Gaza (which the Egyptians have never claimed

as their territory, although they have administered it

for seven years).

B. Ben Gurion has not, however, said Israel would keep Gaza

for itself, and Israel diplomats have said the question

is undecided.

1. The idea of a UN administration has been mooted, but

this meets little favor in Israel.

25X1

C. In fact, press discussion indicates that Israeli thinking
    is divided on the subject, although Israeli opinion leans
    toward annexation—if Israel can avoid responsibility for
    support of the strip's 200,000 Arab refugees (who hitherto
    have been UN charges).

D. At present, the Gaza strip is being administered as a
    part of Israel—even the citrus fruit produced in Gaza
    groves will go this year to swell Israel's exports.

E. Israel may well decide that the present situation is
    the most satisfactory to be had and that it is up to
    others to propose changes.

VII. Thus, Israel is now fighting what Ben Gurion calls a "polit-
      ical battle" to prevent simple return to the status quo ante
      bellum, despite nominal Israeli acceptance of the UN
      directive to withdraw to the old armistice lines. Loss of
      this "battle" would be the most serious blow Israel has
      suffered since it became a state.

25X1